



Arizona Corporation Commission  
**BEFORE THE ARIZONA CORPORATION COMMISSION**  
**DOCKETED**

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WILLIAM A. MUNDELL  
CHAIRMAN  
JIM IRVIN  
COMMISSIONER  
MARC SPITZER  
COMMISSIONER

AUG 30 2001

DOCKETED BY VL

IN THE MATTER OF THE APPLICATION OF  
MULTA COMMUNICATIONS CORP. D/B/A  
MULTACOM FOR A CERTIFICATE OF  
CONVENIENCE AND NECESSITY TO PROVIDE  
COMPETITIVE RESOLD INTRASTATE  
TELECOMMUNICATIONS SERVICES, EXCEPT  
LOCAL EXCHANGE SERVICE

DOCKET NO. T-04001A-01-0219

DECISION NO. 63993

**ORDER**

Open Meeting  
August 28 and 29, 2001  
Phoenix, Arizona

**BY THE COMMISSION:**

Having considered the entire record herein and being fully advised in the premises, the Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

**FINDINGS OF FACT**

1. On March 9, 2001, Multa Communications Corp. d/b/a Multacom ("Multacom" or "Applicant") filed with the Commission an application for a Certificate of Convenience and Necessity ("Certificate") to provide competitive resold interexchange telecommunications services, except local exchange services, within the State of Arizona.
2. In Decision No. 58926 (December 22, 1994), the Commission found that resold telecommunications providers ("resellers") were public service corporations subject to the jurisdiction of the Commission.
3. Applicant is a corporation domiciled in California, authorized to do business in Arizona since January of 2001.
4. Applicant is a switchless reseller, which purchases telecommunications services from a variety of carriers.
5. On April 25, 2001, Applicant filed Affidavits of Publication indicating compliance

1 with the Commission's notice requirements.

2 6. On March 9, 2001, the Commission's Utilities Division Staff ("Staff") filed its Staff  
3 Report recommending approval of the application with some conditions.

4 7. In its Staff Report, Staff stated that Multacom provided financial statements for the  
5 period ended September 30, 2000. These financial statements list assets of \$15.7 million, total equity  
6 of \$11.6 million and net loss of (\$4.8 million). Based on the foregoing, Staff believes that Applicant  
7 has inadequate financial resources to be allowed to charge customers any prepayments, advances, or  
8 deposits without either establishing an escrow account or posting a surety bond to cover such  
9 prepayments, advances, or deposits.

10 8. The Staff Report indicates that, in its application, Multacom stated it does not  
11 currently, and will not in the future, charge its customers any prepayments, advances or deposits. If  
12 at some future date, the Applicant wants to charge customers any prepayments, advances or deposits,  
13 it must file information with the Commission that demonstrates the Applicant's financial viability.  
14 Upon receipt of such filing, Staff will review the information and forward its recommendation to the  
15 Commission. Additionally, Staff believes that if the Applicant experiences financial difficulty, there  
16 should be minimal impact to its customers. Customers are able to dial another reseller or facilities-  
17 based provider to switch to another company.

18 9. Staff recommended approval of the application subject to the following conditions:

19 (a) The Applicant should be ordered to comply with all Commission rules, orders,  
20 and other requirements relevant to the provision of intrastate telecommunications  
21 service;

22 (b) The Applicant should be ordered to maintain its accounts and records as  
23 required by the Commission;

24 (c) The Applicant should be ordered to file with the Commission all financial and  
25 other reports that the Commission may require, and in a form and at such times as the  
26 Commission may designate;

27 (d) The Applicant should be ordered to maintain on file with the Commission all  
28 current tariffs and rates, and any service standards that the Commission may require;

(e) The Applicant should be ordered to comply with the Commission's rules and  
modify its tariffs to conform to these rules if it is determined that there is a conflict

1 between the Applicant's tariffs and the Commission's rules;

2 (f) The Applicant should be ordered to cooperate with Commission investigations  
3 of customers complaints;

4 (g) The Applicant should be ordered to participate in and contribute to a universal  
5 service fund, as required by the Commission;

6 (h) The Applicant should be ordered to notify the Commission immediately upon  
7 changes to the Applicant's address or telephone number;

8 (i) If at some future date, the Applicant wants to charge customers any  
9 prepayments, advances or deposits, it must file information with the Commission that  
10 demonstrates the Applicant's financial viability. Upon receipt of such filing, Staff will  
11 review the information and forward its recommendation to the Commission;

12 (j) The Applicant's intrastate interexchange service offerings should be classified  
13 as competitive;

14 (k) The Applicant's competitive services should be priced at the rates proposed by  
15 the Applicant in its most recently filed tariffs and should be approved on an interim  
16 basis. The maximum rates for these services should be the maximum rates proposed  
17 by the Applicant in its proposed tariffs. The minimum rates for the Applicant's  
18 competitive services should be the Applicant's total service long run incremental costs  
19 of providing those services; and

20 (l) In the event that the Applicant states only one rate in its proposed tariff for a  
21 competitive service, the rate stated should be the effective (actual) price to be charged  
22 for the service as well as the service's maximum rate.

23 10. Staff further recommended approval of Applicant's application subject to the  
24 following conditions:

25 (a) That the Applicant file conforming tariffs within 30 days of an Order in this  
26 matter, and in accordance with the Decision;

27 (b) That the Applicant file in this Docket, within 18 months of the date it first  
28 provides service following certification, sufficient information for Staff analysis and  
recommendation for a fair value finding, as well as for an analysis and  
recommendation for permanent tariff approval. This information must include, at a  
minimum, the following:

1. A dollar amount representing the total revenue for the first twelve  
months of telecommunications service provided to Arizona customers by  
United following certification, adjusted to reflect the maximum rates that the  
Applicant has requested in its tariff. This adjusted total revenue figure could  
be calculated as the number of units sold for all services offered times the

1 maximum charge per unit;

2 2. The total actual operating expenses for the first twelve months of  
3 telecommunications service provided to Arizona customers by the Applicant  
4 following certification;

5 3. The value of all assets, listed by major category, including a description  
6 of the assets, used for the first twelve months of telecommunications services  
7 provided to Arizona customers by the Applicant following certification.  
8 Assets are not limited to plant and equipment. Items such as office equipment  
9 and office supplies should be included in this list; and

10 (c) Applicant's failure to meet the condition to timely file sufficient information  
11 for a fair value finding and analysis and recommendation of permanent tariffs shall  
12 result in the expiration of the Certificate of Convenience and Necessity and of the  
13 tariffs.

14 11. The Staff Report also stated that Applicant has no market power and the  
15 reasonableness of its rates would be evaluated in a market with numerous competitors.

16 12. No exceptions were filed to the Staff Report, nor did any party request that a hearing  
17 be set.

18 13. On August 29, 2000, the Arizona Court issued its Opinion in US WEST  
19 Communications, Inc. v. Arizona Corporation Commission, 1 CA-CV 98-0672, holding that "the  
20 Arizona Constitution requires the Commission to determine fair value rate bases for all public service  
21 corporations in Arizona prior to setting their rates and charges."

22 14. On October 26, 2000, the Commission filed a Petition for Review to the Supreme  
23 Court.

24 15. On February 16, 2001, the Commission's Petition was granted.

#### 25 CONCLUSIONS OF LAW

26 1. Applicant is a public service corporation within the meaning of Article XV of the  
27 Arizona Constitution and A.R.S. §§ 40-281 and 40-282.

28 2. The Commission has jurisdiction over Applicant and the subject matter of the  
application.

3. Notice of the application was given in accordance with the law.

4. Applicant's provision of resold interexchange telecommunications services is in the

1 public interest.

2 5. Applicant is a fit and proper entity to receive a Certificate for providing competitive  
3 resold interexchange telecommunications services in Arizona.

4 6. Staff's recommendations in Findings of Fact Nos. 8, 9 and 10 are reasonable and  
5 should be adopted.

6 **ORDER**

7 IT IS THEREFORE ORDERED that the application of Multa Communications Corp. d/b/a  
8 Multacom for a Certificate of Convenience and Necessity for authority to provide competitive resold  
9 interexchange telecommunications services, except local exchange services, is hereby granted, as  
10 conditioned herein, except that Multa Communications Corp. d/b/a Multacom shall not be authorized  
11 to charge customers any prepayments, advances, or deposits. In the future, if Multa Communications  
12 Corp. d/b/a Multacom desires to initiate such charges, it must file information with the Commission  
13 that demonstrates Multa Communications Corp. d/b/a Multacom's financial viability. Staff shall  
14 review the information provided and file its recommendation concerning the Applicant's financial  
15 viability and/or the necessity of obtaining a surety bond within thirty (30) days of receipt of the  
16 financial information, for Commission approval.

17 IT IS FURTHER ORDERED that Multa Communications Corp. d/b/a Multacom shall  
18 comply with Staff's recommendations as set forth in Findings of Fact Nos. 8, 9 and 10.

19 IT IS FURTHER ORDERED that within 30 days of the effective date of this Decision, Multa  
20 Communications Corp. d/b/a Multacom shall notify the Compliance Section of the Arizona  
21 Corporation Commission of the date that it will begin or has begun providing service to Arizona  
22 customers.

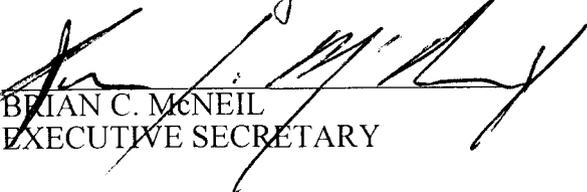
23 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

24 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

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27 CHAIRMAN COMMISSIONER COMMISSIONER  
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IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Secretary of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 30<sup>th</sup> day of August, 2001.

  
BRIAN C. McNEIL  
EXECUTIVE SECRETARY

DISSENT \_\_\_\_\_  
PD:mj

1 SERVICE LIST FOR: MULTA COMMUNICATIONS CORP. D/B/A MULTACOM

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